

CHAPTER 62H

JOINT SELF-INSURANCE EMPLOYEE HEALTH
PLAN

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62H.01 JOINT SELF-INSURANCE EMPLOYEE HEALTH PLAN.

Any three or more employers, excluding the state and its political subdivisions as described in section 471.617, subdivision 1, who are authorized to transact business in Minnesota may jointly self-insure employee health, dental, or short-term disability benefits. Joint plans must have a minimum of 250 covered employees and meet all conditions and terms of sections 62H.01 to 62H.08. Joint plans covering employers not resident in Minnesota must meet the requirements of sections 62H.01 to 62H.08 as if the portion of the plan covering Minnesota resident employees was treated as a separate plan. A plan may cover employees resident in other states only if the plan complies with the applicable laws of that state.

History: 1983 c 241 s 1; 1987 c 337 s 74

62H.02 REQUIRED PROVISIONS.

A joint self-insurance plan must include aggregate excess stop-loss coverage and individual excess stop-loss coverage provided by an insurance company licensed by the state of Minnesota. Aggregate excess stop-loss coverage must include provisions to cover incurred, unpaid claim liability in the event of plan termination. In addition, the plan of self-insurance must have participating employers fund an amount at least equal to the point at which the excess or stop-loss insurer has contracted to assume 100 percent of additional liability. A joint self-insurance plan must submit its proposed excess or stop-loss insurance contract to the commissioner of commerce at least 30 days prior to the proposed plan's effective date and at least 30 days subsequent to any renewal date. The commissioner shall review the contract to determine if they meet the standards established by sections 62H.01 to 62H.08 and respond within a 30-day period. Any excess or stop-loss insurance plan must contain a provision that the excess or stop-loss insurer will give the plan and the commissioner of commerce a minimum of 180 days notice of termination or nonrenewal. If the plan fails to secure replacement coverage within 60 days after receipt of the notice of cancellation or nonrenewal, the commissioner shall issue an order providing for the orderly termination of the plan.

History: 1983 c 241 s 2; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92; 1987 c 337 s 75

62H.03 MARKETING, RISK MANAGEMENT, OR ADMINISTRATIVE SERVICES.

No joint self-insurance plan may offer marketing, risk management, or administrative services unless these services are provided by vendors duly licensed by the commissioner to provide these services. No vendor of these services may be a trustee of any joint self-insurance plan for which they provide marketing, risk management, or administrative services.

History: 1983 c 241 s 3

62H.04 COMPLIANCE WITH OTHER LAWS.

A joint self-insurance plan is subject to the requirements of chapters 62A, and 62E,

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and sections 72A.17 to 72A.32 unless otherwise specifically exempt. A joint self-insurance plan must not offer less than a number two qualified plan or its actuarial equivalent.

History: 1983 c 241 s 4; 1987 c 337 s 76

62H.05 MANAGEMENT OF FUNDS.

Funds collected from the participating employers under joint self-insurance plans must be held in trust subject to the following requirements:

(a) A board of trustees elected by participating employers shall serve as fund managers on behalf of participants. Trustees must be plan participants. No participating employer may be represented by more than one trustee. A minimum of three and a maximum of seven trustees may be elected. Trustees shall receive no remuneration, but they may be reimbursed for actual and reasonable expenses incurred in connection with duties as trustees.

(b) Trustees shall be bonded in an amount not less than \$100,000 or no more than \$500,000 from a licensed bonding company.

(c) Investment of plan funds is subject to the same restrictions as are applicable to political subdivisions pursuant to section 475.66. All investments must be managed by a bank or other investment organization licensed to operate in Minnesota.

(d) Trustees, on behalf of the fund, shall file annual reports with the commissioner of commerce within 30 days immediately following the end of each calendar year. The reports must summarize the financial condition of the fund, itemize collection from participating employers, and detail all fund expenditures.

History: 1983 c 241 s 5; 1983 c 289 s 114 subd 1; 1984 c 655 art 1 s 92

62H.06 REGULATION OF PLANS BY COMMISSIONER.

The commissioner of commerce shall promulgate rules, including emergency rules, to insure the solvency and operation of all self-insured plans subject to this chapter. The commissioner may examine the joint self-insurance plans pursuant to sections 60A.03 and 60A.031.

History: 1983 c 241 s 6; 1983 c 289 s 114 subd 1; 1984 c 640 s 32; 1984 c 655 art 1 s 92; 1985 c 248 s 26

62H.07 REVENUE FEE.

A joint self-insurance plan shall pay a two percent revenue fee. This revenue must be computed based on two percent of the paid claims level for the most recently completed calendar year. This revenue must be deposited in the general fund.

History: 1983 c 241 s 7

62H.08 EXEMPTION.

A homogenous joint employer plan providing group health benefits, which was in existence prior to March 1, 1983, and which is associated with, or organized or sponsored by, an association exempt from taxation under United States Code, title 26, section 501(c)(6), and controlled by a board of trustees a majority of whom are members of the association, is exempt from the requirements of sections 62H.01 to 62H.08 and 471.617, subdivisions 1 to 3, and the insurance laws of this state.

History: 1983 c 241 s 8